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20 November 1962

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# CENTRAL INTELLIGENCE BULLETIN



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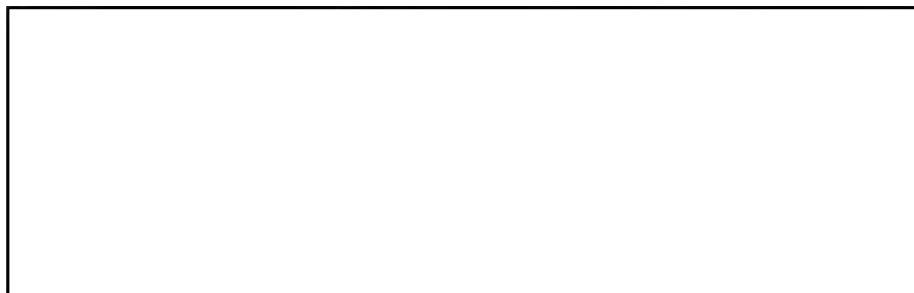
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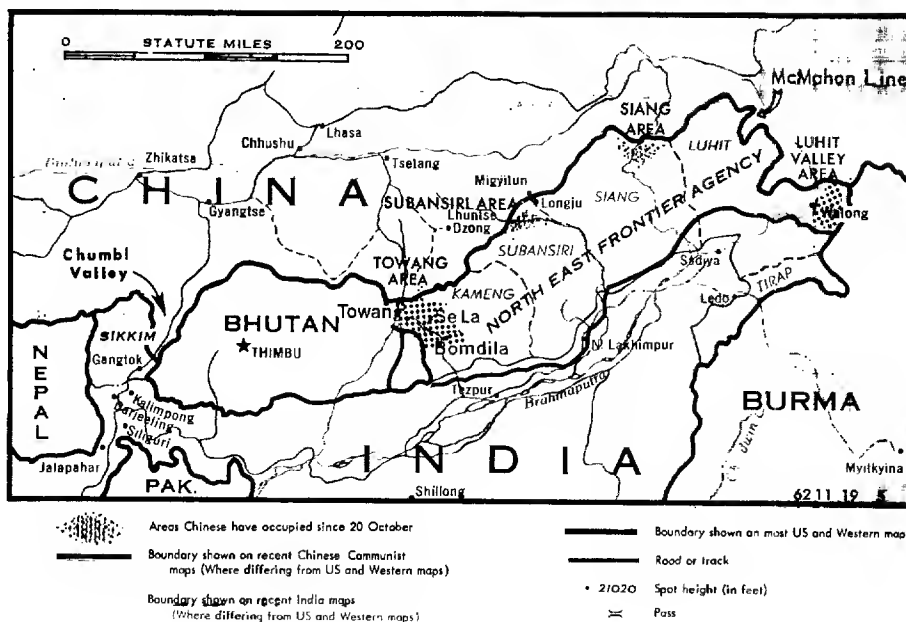
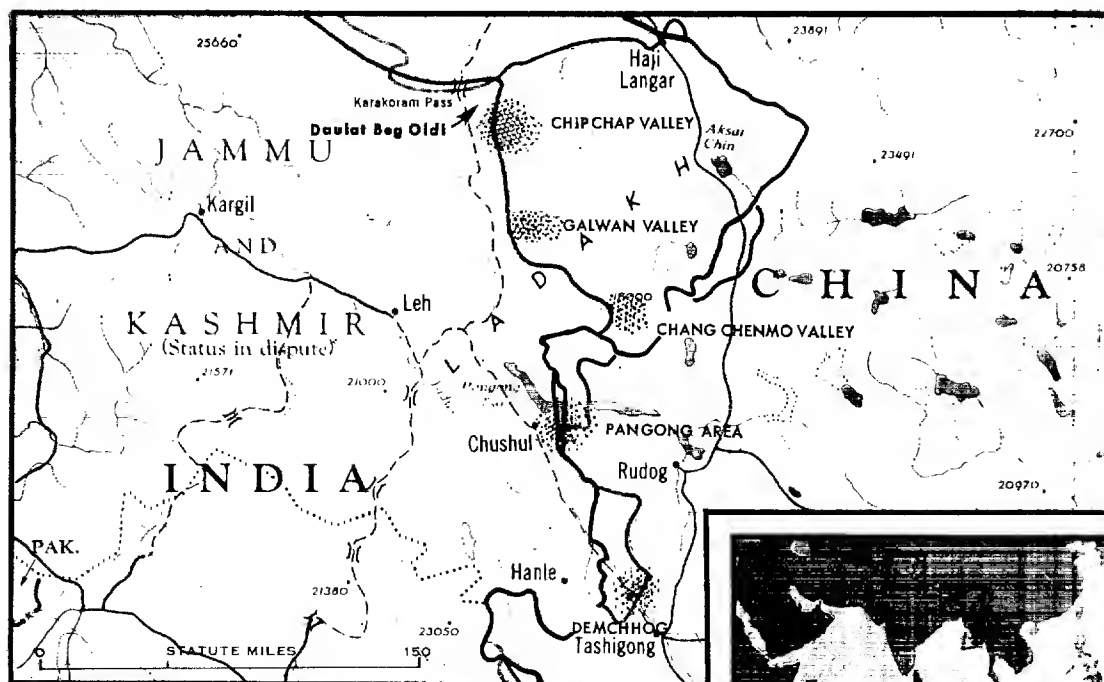
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## COMMUNIST CHINA / INDIA BORDER AREAS



## CENTRAL INTELLIGENCE BULLETIN

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### DAILY BRIEF

**\*India - Communist China:** India's retreat from major defensive positions at Se La, Walong, and Bomdila in the Northeast Frontier Agency (NEFA) opens the way for the Chinese to occupy all the territory they claim in NEFA just as they have done in Ladakh.

Chinese successes against these reinforced Indian positions are attributable to the same speed, numbers, and superior fire-power which made possible the initial Communist gains in October.

In Ladakh, Chinese action appears to be limited to the Chushul area. Chushul remains in Indian hands, although several outposts have fallen and the road to Leh--the only overland route to the rest of India--reportedly has been cut.

Underscoring continued Chinese concern over arms aid to India, Chou En-lai in a note to Sekou Touré has warned that US "intervention" will enlarge the Sino-Indian conflict "to the detriment of the Chinese and Indian people."

A high Pakistan official has for the first time publicly voiced the fear that the Chinese advance

endangers Pakistan. The minister of communications on 19 November told reporters that a state of emergency might have to be declared.

Pakistani resentment against Western arms aid to India may be further inflamed, however, by the forthcoming debate in the National Assembly, which is to meet in special session on 21 November to consider the repercussions of the border war. Even if China's continuing advances should cause President Ayub to reconsider Pakistan's position, mounting public anger against Western aid to India is reducing his freedom of maneuver.

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\*USSR: Khrushchev has again resorted to a major administrative reorganization in an attempt to cope with the chronic shortcomings of Soviet industry and agriculture.

According to a summary of his speech at the Central Committee plenum on 19 November, Khrushchev in effect called for the division of the party into two separate organizations, one to control industry and one to control agriculture. This parallel system will prevail at every step of the party's administrative ladder. Khrushchev also called for the creation of a USSR Council of the National Economy which will provide--for the first time since the reorganization of industry in 1957--a single agency responsible for management of the economy.

Khrushchev's scheme will require the creation of a multitude of new organizations and the mass transfer of key personnel. It will strengthen and centralize political control over the economy, but for the short run, at least, it is likely to have a serious disruptive effect in the party. Furthermore, over the long run it is not likely to improve economic performance without the introduction of stronger material incentives. The reduction of the authority of the local economic managers, as implied by the changes, would tend to reduce the efficiency of individual enterprises.

Khrushchev's report on the economy indicated that industrial targets under the Seven-Year Plan continue to be over-fulfilled. The sparse information on the 1963 plan indicated that planned increases are to be about the same as those of 1962.

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\*Cuba-USSR: Castro's 19 November letter to U Thant expressing Cuban willingness to accept a Soviet decision to withdraw Soviet IL-28 bombers from Cuba may indicate that Kuznetsov will offer this to US negotiators later today.

The new communication from Castro removes Cuba from negotiations over the removal of the bombers by admitting for the first time that the aircraft "belong to the Soviet government." At the same time it stresses that Cuba's stand against permitting inspection of its territory and against aerial surveillance are wholly Cuban decisions and will be maintained.

The absence of any references in the new letter to Castro's "five points" enunciated on 29 October, including the demand for the evacuation of the US Naval Base at Guantanamo, indicates that the Cuban leader has been forced to put them aside as conditions for a settlement of the crisis.

Removal of the IL-28s, 42 of which have been identified in Cuba, would reduce Castro's inventory of bomber aircraft to several B-26s which Cuba has possessed since the Batista period. [REDACTED]

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